UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from ___________ to ____________

Commission File Number Q4823

ACME UNITED CORPORATION
(Exact name of registrant as specified in its charter)

Connecticut	06-0236700
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

75 Kings Highway Cutoff, Fairfield, Connecticut	06430
(Address of principal executive offices)	(Zip Code)

(203) 332-7330
Registrant's telephone number, including area code

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Registrant had 3,330,500 shares outstanding as of May 9, 1997 of its $ 2.50 par value Common Stock.

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PART 1 - FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

ACME UNITED CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(ALL AMOUNTS IN THOUSANDS)

ASSETS

	MARCH 31 1997	DECEMBER 31 1996

	(UNAUDITED)	
Current Assets:		
Cash and cash equivalents	$ 277	$ 427
Accounts receivable	8,186	7,007
Inventories:		
Finished goods	5,550	4,858
Work in process	3,088	1,911
Raw materials & supplies	3,891	3,654
Prepaid expenses and other current assets	706	388
Total current assets	21,698	18,245
Plant, property and equipment		
Land	434	452
Buildings	3,795	3,910
Machinery and equipment	14,769	14,772
Total plant, property and equipment	18,998	19,134
Less, accumulated depreciation	12,404	12,460
Net plant, property and equipment	6,594	6,674
Licensing agreements	---	790
Other assets	739	750
Goodwill	542	792
Total assets	$ 29,573	$ 27,251

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(ALL AMOUNTS IN THOUSANDS)

	MARCH 31 1997 (UNAUDITED)	DECEMBER 31 1996
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 4,112	$ 2,547
Notes payable due within one year	4,407	5,258
Accrued liabilities:		
Restructuring reserve	1,000	755
Other accrued liabilities	4,016	3,732
Total current liabilities	13,535	12,292
Long term debt	9,687	8,444
Total liabilities	23,222	20,736
STOCKHOLDERS' EQUITY		
Common stock, par value $2.50: authorized 4,000,000 shares; Issued 3,437,120 and 3,434,620, outstanding 3,325,500 and 3,387,620 respectively	8,593	8,587
Additional paid-in capital	2,182	2,179
Retained earnings (deficit)	(2,636)	(2,917)

Translation adjustment	(1,099)	(976)
Treasury stock, 111,620 and 47,000 shares, respectively	(689)	(358)
Total stockholders' equity	6,351	6,515
Total liabilities and stockholders' equity	$ 29,573	$ 27,251

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(ALL AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED MARCH 31 1997	1996
Net sales	$ 10,880	$ 12,040
Other income	885	126
	11,765	12,166
Costs and expenses:		
Cost of goods sold	7,700	9,122
Selling, general and administrative expense	2,972	3,322
Interest expense	282	428
Restructuring & other charges	530	---
	11,484	12,872
Income/(loss) before income taxes	281	(706)
Provision for income taxes	---	110
Net income/(loss)	$ 281	$ (816)
Weighted average common and dilutive common equivalent shares	3,369	3,338
Net income/(loss) per common share	$.08	($.24)

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
(ALL AMOUNTS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31 1997	1996
Cash flows from operating activities:		
Net income/(loss)	$ 281	$ (816)

Adjustments for non-cash transactions:		
Depreciation	202	308
Amortization	70	119
Change in assets and liabilities:		
Accounts receivable	(1,440)	(43)
Inventory	(2,270)	310
Prepaid expenses and other current assets	(210)	(68)
Other assets	976	1
Accounts payable	1,602	(641)
Income taxes payable	(24)	(18)
Other liabilities	695	(3)
Total adjustments	(399)	(35)
Net cash used by operations	(118)	(851)
Cash flows from investing activities:		
Capital expenditures	(388)	(107)
Net cash used by investing activities	(388)	(107)
Cash flows from financing activities:		
Net borrowings	678	777
Treasury stock purchased from Seton	(330)	---
Common stock issued for stock options exercised	9	---
Net cash provided by financing activities	357	777
Effect exchange rate changes on cash	(1)	1
Net change in cash and cash equivalents	(150)	(180)
Cash and cash equivalents at beginning of period	427	532
Cash and cash equivalents at end of period	$ 277	$ 352

See notes to condensed consolidated financial statements

ACME UNITED CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. In the opinion of Management, the accompanying condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position as of March 31, 1997 and December 31, 1996 and the results of its operations and cash flows for the three month periods ended March 31, 1997 and 1996. The financial statements reflect all recurring adjustments but do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the annual Form 10-K filing. Please refer to the Company's annual report for the year ended December 31, 1996 for such disclosures.

2. The results of operations for the three months ended March 31, 1997 are not necessarily indicative of the results to be expected for the full year.

3. Net income/(loss) per share is based on the weighted average number of common shares and dilutive common equivalent shares (common stock options) outstanding using the treasury stock method. In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"). The Company will adopt SFAS 128 for the year ending December 31, 1997 in accordance with the provisions of SFAS 128. Such adoption is not expected to have a significant

impact on the Company's earnings per share.

4. On March 3, 1997, the Company entered into an agreement with Seton Healthcare International Limited and Sepro Healthcare, Inc. ("Seton") to sell its U.S. marketing rights of certain wound care products to Seton. The agreement returned the marketing rights to Seton as of March 3, 1997. However, for the transition period of March 3, 1997 until June 30, 1997, Acme will continue to distribute the Seton products. On June 30, 1997, all Seton product inventory in the possession of Acme will be sold to Seton at actual cost. The transaction resulted in a gain of $849,000 after payments of outstanding debt and write-off of goodwill, licensing fees, and other costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

RESULTS OF OPERATIONS

Net Sales

Consolidated net sales for the quarter ended March 31, 1997 were $10,880,000, compared to $12,040,000 for the same period last year, a decline of $1,160,000. Of this decline, $1,324,000 resulted from the divestiture of the Altenbach business in Germany. Excluding Altenbach from the prior year, sales increased $164,000 or 2% in the first quarter of 1997 as compared to the first quarter of 1996.

Domestic consumer net sales totaled $4,575,000 in the first quarter of 1997, compared to $4,405,000 in the first quarter of 1996, an increase of 4%. The sales growth was in the first aid and ruler product lines. Net sales of medical products were $3,814,000 in the first quarter of 1997 compared to $3,721,000 in the first quarter of 1996. The 2.5% sales growth was due to shipments to the international market. Net sales from foreign operations were $2,491,000 in the first quarter of 1997 compared to $3,914,000 in the first quarter of 1996. Excluding Altenbach from the prior year, sales decreased by $99,000, or 4% for the first quarter of 1997 compared to the same period of last year. The sales decline was due to the impact of currency translation, fewer shipping days, and a soft European market.

Gross Profit Margin

For the quarter the Company reported an improved profit margin of 29.2% in 1997 compared to 24.2% in 1996. The profit margin in the first quarter of 1996 excluding Altenbach was 26.1%. The profit margin improved 10% in U.S. operations and 8% in foreign operations excluding Altenbach. The improvement in the U.S. operations was due to the consolidation of all U.S. manufacturing into the North Carolina facilities, and the resulting increased plant utilization.

Selling, General and Administrative Expenses

Selling, general and administrative expenses of $2,972,000 for the first quarter of 1997 decreased $350,000, or 11%, as compared with the first quarter of 1996. Of the decline, $288,000 resulted from the divestiture of Altenbach. The improvement resulted from savings related to the reorganization of the executive management and medical sales force of $225,000 which was partially offset by additional charges of $162,000 in the first quarter of 1997.

Provision for Income Taxes

The Company has tax operating loss carryforwards in the United States, England and Germany. The tax provision amounting to $0 and $110,000 for the first quarter of 1997 and 1996, respectively, includes minimum state and local tax obligations net of the benefit of net operating losses utilized.

Net Income

The Company reported a net income for the first quarter of 1997 of $281,000, or $.08 per share, compared to a loss in the first quarter of 1996 of $816,000, or $.24 loss per share.

Acme sold its U.S. marketing rights of certain wound care products to Seton Healthcare International Limited in the first quarter of 1997. The sale resulted in a gain of $849,000 after payment of outstanding debt and write-off of goodwill, licensing fees, and other costs. A charge of $692,000 was incurred to write-down certain assets of the Bridgeport, Connecticut facility, and other charges.

Liquidity and Capital Resources

During the first quarter of 1997, the total debt increased by $392,000 as compared to debt at December 31, 1996. Debt of $1,737,000 was paid down in the first quarter of 1997 as part of the Seton transaction. Total debt excluding Seton increased by $2,129,000 due to the seasonality of the school products market.

All future debt reduction and capital expenditures are expected to be funded by cash generated from operations.

In the U.S. the Company has a $13,000,000 revolving line of credit which reduces to $9,000,000 during the last 60 days of each calendar year and expires in May 1998. The revolving line is an asset-based agreement with various percentages applied to inventory, receivables and fixed assets. Currently the Company has an available line of $9,482,000 with $522,000 unused. On March 19, 1997, the Company negotiated a modification to the agreement which allows for additional availability for the period of March 19, 1997 until July 31, 1997. In March of 1997, the Company renegotiated covenants relating to its Canadian overdraft facility. The foreign subsidiaries have overdraft arrangements which expire at various times during 1997.

The Company's working capital, current ratio and long term debt to equity ratio are as follows:

	March 31, 1997	December 31, 1996
Working capital	$ 8,163,000	$5,953,000
Current ratio	1.60 to 1	1.48 to 1
Long term debt to equity ratio	1.53	1.30

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
none

ITEM 2. CHANGES IN SECURITIES
none

ITEM 3. DEFAULT UPON SENIOR SECURITIES
none

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Annual Meeting was held on April 28, 1997.

(b) The following individuals were elected Directors at the meeting and comprise the entire Board.

Votes Votes

	for	against
David W. Clark, Jr.	2,962,749	9,400
George R. Dunbar	2,962,167	9,982
Walter C. Johnsen	2,962,799	9,350
Newman M. Marsilius	2,962,217	9,932
Wayne R. Moore	2,962,249	9,900
Gary D. Penisten	2,962,749	9,400
James L. L. Tullis	2,962,799	9,350
Henry C. Wheeler	2,948,834	23,315

(c) The Amendment to the 1996 Non-Employee Director Stock Option Plan was approved with 2,770,738 shares voting for the Plan, 103,250 shares voting against the Plan, 98,161 votes withheld and zero shares not voted.

(d) Coopers & Lybrand L.L.P. was appointed as Auditors for the Company for the year 1997 with 2,865,601 shares voting for the appointment, 15,549 shares voting against the appointment and 90,999 votes withheld.

ITEM 5. OTHER INFORMATION

none

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

A. Form 8-K was filed by the Company on March 18, 1997.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACME UNITED CORPORATION
(Registrant)

Date: May 9, 1997

/s/ Cheryl L. Kendall

Cheryl L. Kendall
Vice President and Chief
Financial Officer

Date: May 9, 1997

/s/ Richard L. Windt

Richard L. Windt
Vice President/Corporate
Controller

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This schedule contains summary financial information extracted from the Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Operations and is qualified in its entirety by reference to such financial statements.
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